

Energy Choices, Inc.
1954 First Street, Ste. 106
Highland Park, IL 60035

March 23, 2005

Mr. Harry Stoller
Illinois Commerce Commission

Re: Request for Public Comment Concerning the Implementation of Governor
Blagojevich's proposal for a sustainable Energy Plan for Illinois

Dear Mr. Stoller:

Although the goals of Governor Blagojevich's proposal for a sustainable energy plan for Illinois are ambitious, they are nonetheless achievable. While we believe strongly in the stated goals of expanding renewable energy and energy efficiency, new and different approaches may be warranted for program implementation and revenue generation.

Energy Choices offers the following suggestions and thoughts for consideration:

1. **Energy Efficiency** – Approximately one third of all electricity in Illinois is consumed by residential customers. Although this segment has enjoyed benefits of electric industry retail restructuring through reduced electricity rates, residential customers are ill equipped to understand, let alone respond to, higher prices in the post 2006 era. Programs such as the Community Energy Partnerships in California (http://www.energycoalition.org/community_services/index.htm) and the home-grown Energy Smart Pricing Plan through the Community Energy Cooperative (<http://www.energycooperative.org/>) give residential customers the knowledge and power to respond to price signals and proactively reduce energy consumption and demand. The Community Energy Partnership deserves special attention because a portion of the financial benefit of improved energy efficiency and demand shifting goes back to the community. In addition, both of these programs have the benefit of being able to assist residents in economically depressed areas where electric utility bills are a higher proportion of household income. Programs such as these, which foster environmental stewardship and empowerment of the individual, should be encouraged.
2. **Renewable Energy** – The proposed \$25/mWh non-compliance penalty levied against electricity suppliers needs careful consideration. Most renewable energy supply additions will be from wind generators with or without a supplier penalty in place to stimulate demand. Wind generators already receive a ten-year 1.8¢/kWh subsidy from the federal government. An additional source of revenue for project developers is wind certificates that are marketed to socially-tuned individuals and organizations. The premium for the wind certificates is 1.0¢ to 2.0¢/kWh. Advances in technology and economies of scale for equipment providers make wind-generated electricity competitive with fossil fuel generators

- under today's retail prices before the 1.8¢/kWh federal subsidy and any additional revenue from the sale of wind certificates. Levying a non-compliance fee on suppliers will either add to the wind generator's already robust project economics or it will be taken as the cost of doing business by energy suppliers as they pay the fine and move on. In developing an equitable program one should remember some of the failed policies (e.g., New York's "six cents law") so as not to repeat them.
3. Demand Response – End users respond to price signals. Over the past 15 years the real price of electricity in Northern Illinois has fallen by over 30%. And end users have responded accordingly – saving electricity is off the radar screen for most residents and businesses. With the safety nets provided through the Energy Choice Law due to expire at the end of next year, end users will begin to experience a jolt of reality. If that jolt is met with available, financially beneficial programs that can reduce utility expenses, then there is a chance of end user compliance. Demand-reducing cooperatives, owned and operated outside the umbrella of the local electric utilities, should be considered as part of the demand response solution.

We applaud the Governor's bold step and look forward to participating in the working groups in April.

Thank you.

Sincerely,

Craig Schuttenberg
Vice President, Energy Choices, Inc.